



Southern Cross Exploration N.L.

A.C.N. 000 716 012

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PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001

28 March 2013

e-Lodgement

FOR PUBLIC RELEASE

Manager - Market Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Madam

Re Annual Audited Financial Report

Attached are the Financial Report, Directors' Report and Auditor's Report for the year ended 31 December 2012.

For and on behalf of

Southern Cross Exploration N L

A handwritten signature in black ink, appearing to read 'E Goh', is written over a faint blue line.

E Goh
Secretary

-ks/956.108

DIRECTORS' REPORT - STATUTORY
FOR THE YEAR ENDED 31 DECEMBER 2012

1. REVIEW OF OPERATIONS

The Company's principal activities embraced the management of its existing exploration and investment projects and examining acquisitions of new mineral exploration projects. The Company finalised agreements and acquired interests in two new projects - the Batangas Gold Project, in the Philippines, and a uranium project in Tanzania. Details of exploration operations and the Company's projects will be provided in the Annual Report.

Placements of 27,000,000 shares at 1 cent were made on the second half of the financial year.

Bigrlyi Uranium Joint Venture

The Company's investment in the Bigrlyi Uranium Joint Venture, which is a pre-development mining project, is classified as Investment in Joint Venture.

The Operator, Energy Metals Ltd (EME) has released periodic updates during the year on this project, which has a substantial JORC-compliant resource of uranium and vanadium - see EME's website at www.energymetals.net. However due to current conditions following the Tsunami in Japan, Directors have written down this asset to \$2.1 million

2. RESULTS OF OPERATIONS

The operations during the year resulted in a comprehensive loss of \$5,229,139 which included significant items totalling \$ 4,893,394.

3. SIGNIFICANT CHANGES

There were significant changes in the state of affairs of the consolidated entity during the financial year, as mentioned above and elsewhere in this Report

4. PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year comprised: its continued investment in the Bigrlyi Uranium Joint Venture, on which pre-development investigations and further drilling were carried out; exploration for gold and minerals, for potential participation in exploration and mining ventures, share investments and other financial transactions. No significant change in the nature of those activities has occurred during the year.

5. SIGNIFICANT MATTERS AFTER BALANCE DATE

The Directors are not aware of any matter or circumstance not otherwise dealt with in this Report that has arisen since the end of the year that has significantly affected or may significantly affect the consolidated entity's operations; the results of those operations; or the consolidated entity's state of affairs in future financial years as otherwise stated.

6. LIKELY DEVELOPMENTS IN OPERATIONS AND EXPECTED RESULTS

The consolidated entity continues to examine various exploration and mining projects for possible joint venture participation or investment, especially in the gold, oil and gas and uranium sectors, whether by acquisition, active or passive investment or mergers. Results of such operations cannot be accurately identified or measured at this stage. SXX has been one of the principal promoters of Offshore Oil Ltd, a new Oil and Gas Exploration and Investment company. Offshore Oil will be a "hybrid" global Oil and Gas Energy company aiming to have direct participation in Oil and Gas production and exploration joint ventures as well as in energy equity investments.

DIRECTORS' REPORT - STATUTORY - 2012 (cont'd)

7. ENVIRONMENTAL REGULATION

The entity is not aware of any particular environmental regulations in respect of which it would have to report on the entity's performance.

8. DIVIDENDS

No dividends have been paid or declared since the commencement of the financial year and no dividends have been recommended by Directors.

9. SHARE OPTIONS

As at the date of this Report, there are no outstanding options in respect of unissued shares of the Company.

10. DIRECTORS

The name of each person who has been a director of the disclosing entity at any time during or since the end of the year are as follows:

R. G. ADAMSON - MSc (Hons), MAusIMM, CP(Geo), MICA. Director appointed March, 2004 - retired 21 February 2012. Consultant Geologist.

S. BAGHDADI - Director appointed 26 February 2013.

B. BURRELL - Director appointed 26 February 2013. Director of ASX-listed public companies Chapmans Ltd (CHP), Longreach Oil Ltd (LGO) and Sunvest Corporation (SVS). Recently appointed as a non-executive Director of Metal Storm Ltd (MST). He is also the Company Secretary of ASX listed Buccaneer Energy Ltd.

B. GANKE - Director since 1976. Director of a number of public and private companies over a period of more than 35 years, including the following other listed companies: Chapmans Ltd (CHP) - since 1974; Longreach Oil Ltd (LGO) - since 1981; AusTex Oil Ltd (AOK) - March 2006-2009.

E. X. GANKE - Director appointed 21 February 2012. Resigned 26 February 2013.

E. GOH - Director since 1990; resigned 26 February 2013. Company Secretary since 1983. B.Bus.FCPA. Was a Director of Chapmans Limited - resigned 24 September 2012.

A. KEACH - Director appointed 26 February 2013. Director of Keach Securities and Investments Pty Ltd and Scintilla Strategic Investments.

A. VIEIRA - Director appointed 26 February 2013.

11. DIRECTORS' MEETINGS

The number of Directors' meeting held during the year ended 31 December 2012 was 8, which were attended by all eligible Directors.

Details of Directors' holdings of securities in the Company are set out in Note 20.2 to the Financial Report.

The Board is responsible for determining and reviewing the remuneration of Directors, within parameters approved by shareholders, and of executives and consultants. No performance hurdles have been imposed.

DIRECTORS' REPORT - STATUTORY - 2012 (cont'd)

12. REMUNERATION REPORT

During the year, the Board was comprised of two non-executive Directors and the Managing Director,

B Ganke, who comprise the Key Management Personnel of the consolidated entity. Mr Ganke is entitled to receive a salary of \$120,000 p.a. Directors' Fees were increased last year to \$20,000 p.a. for each non-Executive Director. Details of Directors' remuneration are shown in Note 21.1 to the Financial Report.

Since 26 February 2013, four new Directors were appointed, viz. Stephen Baghdadi, Bruce Burrell, Alexander Keach and Antonio Vieira.

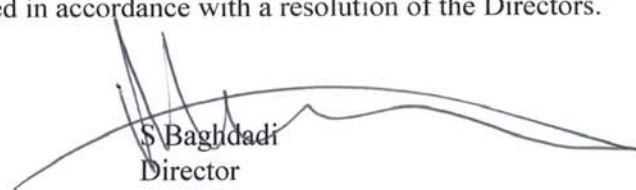
No Director received or was entitled to receive any shares or options in the Company as part of remuneration during the year.

13. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

This report is made and signed in accordance with a resolution of the Directors.


Boris Ganke
Director


S Baghdadi
Director

28 March 2013

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

To the Directors of Southern Cross Exploration N L:

As auditors for the review of Southern Cross Exploration N L for the year ended 31 December 2012, we declare that, to the best of our knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Southern Cross Exploration and the entities it controlled during the period.

CDTL Corporate Accountants



**Carl F. Dumbrell
Partner**

Sydney, NSW Australia

28 March 2013

**SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>Note</u>	2012 \$	2011 \$
Revenues	2	338,596	361,063
Administration expenses		(283,181)	(297,510)
Other expenses		(166,203)	(76,855)
Finance costs	3	(194,492)	(341,903)
		-----	-----
Loss before significant items and income tax		(305,280)	(355,205)
Significant items	4	(4,893,394)	(1,138,385)
		-----	-----
Loss before income tax		(5,198,674)	(1,493,590)
Income tax expense	27	-	-
		-----	-----
Loss		(5,198,674)	(1,493,590)
		-----	-----
Other comprehensive income/(loss):			
Net increase/(decrease) in Fair Value Reserve	18	(30,465)	127,721
		-----	-----
Total comprehensive income/(loss)		(5,229,139)	(1,365,869)
		=====	=====
 Earnings per share			
Basic earnings/(loss) per share	17	(0.028)	(0.010)
Diluted earnings/(loss) per share	17	(0.028)	(0.010)

The Consolidated Statement of Comprehensive Income should be read in conjunction
with the accompanying Notes

**SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES**

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012

	<u>Note</u>	2012	2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	6,022	9,482
Available for sale financial assets	7	130,103	240,611
Receivables	8	142,497	365,915
Investment in joint venture	9	2,100,000	8,704,300
		-----	-----
TOTAL CURRENT ASSETS		2,378,622	9,320,308
		-----	-----
NON-CURRENT ASSETS			
Available for sale financial assets	10	299,043	684,740
Trade and other receivables	11	4,030,000	7,154,095
Exploration and evaluation assets	12	576,000	1,544,581
		-----	-----
TOTAL NON-CURRENT ASSETS		4,905,043	9,383,416
		-----	-----
TOTAL ASSETS		7,283,665	18,703,724
		-----	-----
CURRENT LIABILITIES			
Trade and other payables	13	697,480	381,175
Financial liabilities	14	557,764	1,011,681
		-----	-----
TOTAL CURRENT LIABILITIES		1,255,244	1,392,856
		-----	-----
NON-CURRENT LIABILITIES			
Financial liabilities	15	2,113,537	1,403,485
		-----	-----
TOTAL NON-CURRENT LIABILITIES		2,113,537	1,403,485
		-----	-----
TOTAL LIABILITIES		3,368,781	2,796,341
		-----	-----
NET ASSETS		3,914,884	15,907,383
		=====	=====
EQUITY			
Share capital	16	19,286,903	19,190,653
Other reserves	18	(2,412,713)	4,569,395
Accumulated losses	5	(12,959,306)	(7,852,665)
		-----	-----
TOTAL EQUITY		3,914,884	15,907,383
		=====	=====

The Consolidated Balance Sheet should be read in conjunction with the accompanying Notes

SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Attributable to equity holders of the company				
	Share Capital	Other Reserves	Accumulated Losses	Minority Interests	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2011	16,396,653	5,187,114	(7,104,515)	(86,197)	14,393,055
Total comprehensive income/(loss)	-	127,721	(1,493,590)	-	(1,365,869)
Share Issues	2,794,000	-	-	-	2,794,000
Transfer capital losses to/from Reserves	-	(745,440)	745,440	-	-
Deconsolidation of controlled entity	-	-	-	86,197	86,197
Balance at 31 December 2011	19,190,653	4,569,395	(7,852,665)	-	15,907,383
Balance at 1 January 2012	19,190,653	4,569,395	(7,852,665)	-	15,907,383
Total comprehensive income/(loss)	-	(30,465)	(5,198,674)	-	(5,229,139)
Share Issues	270,000	-	-	-	270,000
Share Issue Costs	(21,000)	-	-	-	(21,000)
Share Premium/Discount Reserve	(152,750)	-	-	-	(152,750)
Transfer capital losses to/from Reserves	-	(92,033)	92,033	-	-
Decrease - Asset Re-valuation Reserve	-	(6,859,610)	-	-	(6,859,610)
Balance at 31 December 2012	19,286,903	(2,412,713)	(12,959,306)	-	3,914,884

The Consolidated Statement of Changes in Equity should be read in conjunction
with the accompanying Notes

**SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>Note</u>	2012 \$	2011 \$
Cash flows from operating activities			
Dividends received		35	119
Interest paid		(3,372)	(29,883)
GST credits refund		92,330	-
Operating expenses		(214,244)	(250,121)
		-----	-----
Net cash (used in) operating activities	21	(125,251)	(279,885)
		-----	-----
Cash flows from investing activities			
Proceeds from sale of Investments		30,660	114,914
Payments for exploration prospects		-	(33,595)
Payments for Joint Venture		(170,317)	(198,701)
Payments for investments		(21,802)	(2,680)
Repayments by loan and other debtors		30,200	7,000
Loans & advances made		(8,041)	-
Payments for debtors and prepayments		-	(30,389)
		-----	-----
Net cash flows (used in) investing activities		(139,300)	143,451
		-----	-----
Cash flows from financing activities			
Proceeds from share capital		270,000	-
Share Issued		(21,000)	-
Proceeds from borrowings		243,851	463,957
Repayments of borrowings		(231,760)	(32,883)
		-----	-----
Net cash flows (used in) financing activities		261,091	431,074
		-----	-----
Net (decrease) in cash held		(3,460)	7,738
Cash at the beginning of the financial year		9,482	1,744
		-----	-----
Cash at the end of the financial year	6	6,022	9,482
		=====	=====

The Consolidated Statement of Cash Flows should be read in conjunction
with the accompanying Notes

**SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied unless otherwise stated. The financial report comprises the consolidated entity consisting of Southern Cross Exploration N L and its subsidiaries.

1.1 Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board) and the Corporations Act 2001.

These consolidated financial statements have been prepared under the historical cost convention, except for Available Sale Financial Assets and Investment in Joint Ventures that are measured at fair value. Unless otherwise indicated the accounting policies have been applied consistently in all periods presented in these financial statements.

1.2 Statement of compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and the International Financial Reporting Standards as issued by the International Accounting Standards Board.

1.3 Consolidation

Subsidiaries

The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between companies are eliminated

1.4 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Income Statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

1.5 Investments and other financial assets

Available-for-sale financial assets

The group classifies shares listed on Stock Exchanges and investments in unlisted corporations as available-for-sale financial assets and are included in non-current assets unless they are intended to be disposed within 12 months of the balance date.

Listed investments are initially recognised at fair value plus transaction costs. The investments are subsequently measured at their fair values. Unrealised gains and losses arising from changes in the fair value are recognised in equity in the Fair Value reserve.

Unlisted investments are initially recognised at cost where the fair value cannot be measured reliably. Where unlisted investments are subsequently revalued, the fair values are based on the underlying net asset values of the companies and estimated values based on their strategic holdings.

The fair value of financial instruments is measured in accordance with the following levels:

- | | |
|---------|---|
| Level 1 | Quoted prices (unadjusted) in active markets for identical assets; |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and |
| Level 3 | Inputs for the asset that are not based on observable market data (unobservable inputs). |

NOTE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.

1.5 Investments and other financial assets (cont'd)

Considerations such as a significant or prolonged decline in the fair value of investments below their cost are used in determining whether investments are impaired. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities. Impairment losses are recognised as a reduction of the available for sale investments fair value reserve to the extent of any previous revaluation and otherwise in profit or loss.

1.6 Trade and other receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

1.7 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the settlement is not required for at least 12 months after the balance sheet date.

1.9 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and that it can be reliably measured.

Interest

Interest is recognised as it accrues.

Available for Sale Financial Assets

The net gain (loss) of sales are included as revenue (expenses) at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

1.10 Exploration and Evaluation Assets

Exploration costs are accounted for under “The Area of Interest” method, whereby costs are carried forward provided that rights to tenure of the area of interest are current and either there is a reasonable probability of recoupment through successful development and exploitation or by their sale, or exploration activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable mineral reserves and active and significant operations in, or in relation to, the area are continuing.

The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration or evaluation phases is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. Exploration & Evaluation Assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

1.11 Joint ventures

Interests in Joint Ventures in which the company has joint control are accounted for by recognising its share of assets classified according to their nature, share of liabilities and income and expenses. Where the company does not have joint control, it accounts for its interest as an investor in the Joint Venture at fair value.

NOTE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**1.****1.12 Income tax**

Deferred income tax is provided on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and the carry forward of unused tax assets and losses can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

1.13 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is not recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash Flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.14 Accounting Estimates and Judgement

The Group makes estimates and judgements based on historical and future expectations that may have a financial impact on the entity. Actual results may differ from these estimates. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets are as follows:

(i) Estimated fair values of unlisted investments

The fair value of investments that are not quoted in an active market is determined using other methodologies and at balance date the fair value was assessed as equal to cost. The fair value of these investments may differ materially if they were to be sold or become listed in the future.

(ii) Fiji Loan

The recoverability of the Fiji loan is based on the future sale or development of the property, and on the basis that there is political stability in Fiji. If the sale or development of the property does not proceed according to expectations, the recoverable amount could be materially different.

NOTE	REVENUE	2012	2011
2.		\$	\$
	Dividends received from Corporations listed on Stock Exchanges	41	91
	Interest received / receivable	338,555	338,575
	Sundry Income	-	22,397
		-----	-----
		<u>338,596</u>	<u>361,063</u>

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE	FINANCE COSTS	2012	2011
		\$	\$
3.	Interest paid/payable	194,492	341,903
		<u>=====</u>	<u>=====</u>
NOTE	SIGNIFICANT ITEMS		
4.	Bad debts written off	84,810	-
	Deconsolidation of controlled entity	-	86,197
	Exploration expenditure written off	71,528	-
	Impairment losses (unlisted shares)	-	410,715
	Loss on loan transactions	-	306,748
	Loss from sale of investments	92,033	334,725
	Legal costs expense and provisions	206,962	-
	Provision for Impairments - Unlisted shares	364,851	-
	- Exploration and evaluation assets	897,053	-
	- Mortgage Investment	3,176,157	-
		<u>-----</u>	<u>-----</u>
		4,893,394	1,138,385
		<u>=====</u>	<u>=====</u>
NOTE	ACCUMULATED LOSSES		
5.	Balance at beginning of year	(7,852,665)	(7,104,515)
	(Loss) for the year	(5,198,674)	(1,493,590)
	Transfers to Capital Profits/(Losses) Reserve	92,033	745,440
		<u>-----</u>	<u>-----</u>
	Balance at end of year	(12,959,306)	(7,852,665)
		<u>=====</u>	<u>=====</u>
NOTE	CASH AND CASH EQUIVALENTS		
6.	Cash held in banks	6,022	9,482
		<u>=====</u>	<u>=====</u>
NOTE	AVAILABLE FOR SALE		
7.	FINANCIAL ASSETS (CURRENT)		
	Listed equity securities (Level 1)	130,103	240,611
		<u>=====</u>	<u>=====</u>
NOTE	TRADE & OTHER RECEIVABLES (CURRENT)		
8.	Debtors and Loans - related parties	113,337	141,431
	Debtors and other receivables	29,160	224,481
		<u>-----</u>	<u>-----</u>
		142,497	365,915
		<u>=====</u>	<u>=====</u>
NOTE	INVESTMENT IN JOINT VENTURE		
9.	Bigrlyi Joint Venture - at cost	1,873,375	1,618,065
	- at revaluation	226,625	7,086,235
		<u>-----</u>	<u>-----</u>
		2,100,000	8,704,300
		<u>=====</u>	<u>=====</u>
	Movement during year		
	Balance at beginning of year - at cost	1,618,065	1,488,307
	Expenditure capitalised	255,310	129,758
		<u>-----</u>	<u>-----</u>
	Balance at end of year - at cost	1,873,375	1,618,065
		<u>-----</u>	<u>-----</u>
	Revaluation	226,625	7,086,235
		<u>-----</u>	<u>-----</u>
	Balance at end of year	2,100,000	8,704,300
		<u>=====</u>	<u>=====</u>

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE	AVAILABLE FOR SALE	2012	2011
10.	FINANCIAL ASSETS (NON-CURRENT)	\$	\$
	Listed equity securities (Level 1)	165,017	184,363
	Shares in corporations not listed on Stock Exchange - at cost (Level 3)	498,877	500,377
	Provision for Impairment	(364,851)	-
		<u>299,043</u>	<u>684,740</u>

NOTE	RECEIVABLES (NON-CURRENT)		
11.			
	Deposits	-	70,679
	Mortgage Investment - Related Parties	7,206,157	6,868,416
	Provision for Impairment	(3,176,157)	27,500
	Other Receivables - Related Parties	-	187,500
		<u>4,030,000</u>	<u>7,154,095</u>

Mortgage Investment is secured over freehold property in Fiji owned by Nadi Bay Beach Corporation Limited (NBBC). B Ganke and E Goh are also Directors and shareholders of NBBC.

Interest was accrued from 1989 at 12% compound until December 1999 when the rate was changed to 7% compound. From July 2002 to December 2004 interest was charged at 7% simple and currently is at 9% simple. Interest accrued for the year was \$337,741.

The mortgage comes up for review every two years and due to commercial and political considerations, it has been renewed by the Board as and when appropriate.

NOTE	TRADE & OTHER PAYABLES (CURRENT)		
12.			
	Trade and Other Payables	249,970	177,471
	Other Payables - Related Parties	247,510	203,704
	Provision for legal costs	200,000	-
		<u>697,480</u>	<u>381,175</u>

NOTE	TRADE & OTHER PAYABLES (CURRENT)		
13.			
	Trade and Other Payables	249,970	177,471
	Other Payables - Related Parties	247,510	203,704
	Provision for legal costs	200,000	-
		<u>697,480</u>	<u>381,175</u>

NOTE	FINANCIAL LIABILITIES (CURRENT)		
14.			
	Loans-related parties	321,127	740,484
	Loans-other	236,637	271,197
		<u>557,764</u>	<u>1,011,681</u>

NOTE	NON CURRENT LIABILITIES		
15.			
	Financial liabilities - loans related parties	2,113,537	1,403,485
		<u>2,113,537</u>	<u>1,403,485</u>

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE	SHARE CAPITAL	2012	2011
16.		\$	\$
	207,000,000 Ordinary fully paid shares (2011 180,000,000)	21,772,158	21,523,158
	Transfer from Share Premium/Discount Reserve	(2,485,255)	(2,332,505)
		-----	-----
		<u>19,286,903</u>	<u>19,190,653</u>

Movements	2012	2012	2011	2011
	No. of shares	\$	No. of shares	\$
Balance at beginning of year	180,000,000	21,523,158	119,000,000	18,729,158
Acquisition of exploration interests	-	-	16,100,000	799,000
Acquisition of investments	-	-	2,000,000	100,000
Consultants	-	-	400,000	20,000
Loan settlements	-	-	42,500,000	1,875,000
Share placements	27,000,000	270,000	-	-
Share Issue costs	-	(21,000)	-	-
			-----	-----
Balance at end of year	<u>207,000,000</u>	<u>21,772,158</u>	<u>180,000,000</u>	<u>21,523,158</u>

NOTE	EARNINGS PER SHARE	2012	2011
17.		\$	\$
	Basic earnings/(loss) per share	(0.028)	(0.010)
	Diluted earnings/(loss) per share	(0.028)	(0.010)
	Net loss used to calculate earnings/(loss) per share	(\$5,198,674)	(\$1,493,590)
	Number of weighted ordinary shares used in calculating earnings/(loss) per share	183,426,026	148,481,918

NOTE	RESERVES	2012	2011
18.			
	Asset Revaluation	1,976,625	8,836,235
	Available for Sale Financial Assets	(2,790,454)	(2,759,991)
	Capital Profits/(Losses)	(1,598,884)	(1,506,851)
		-----	-----
		<u>(2,412,713)</u>	<u>4,569,395</u>
	Movement in Reserves		
	Asset Revaluation		
	Balance at beginning of year	8,836,235	8,836,235
	- Write down revaluation - Investment in Joint Venture	(6,859,610)	-
		-----	-----
	Balance at end of year	<u>1,976,625</u>	<u>8,836,235</u>
	Available for Sale Financial Assets		
	Balance at beginning of year	(2,759,991)	(2,887,712)
	- Write back fair value adjustments on Investments written off to Income Statement	-	260,549
	- Changes in fair value - available for sale financial assets	(30,465)	(132,828)
		-----	-----
	Net increase/(decrease)	<u>(30,465)</u>	<u>127,721</u>
	Balance at end of year	<u>(2,790,456)</u>	<u>(2,759,991)</u>

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE RESERVES (cont'd)

	2012	2011
	\$	\$
Movement in Reserves (cont'd)		
Capital Profits/(Losses)		
Balance at beginning of year	(1,506,851)	(761,411)
Transfer losses on investments	(92,033)	(745,440)
	-----	-----
Balance at end of year	<u>(1,598,884)</u>	<u>(1,506,851)</u>

Nature and purpose of Reserves

Asset Revaluation Reserve

The Asset Revaluation Reserve comprises the revaluation of the Investment in the Bigryli Uranium Joint Venture and the investment in the Fiji mortgage.

Available for Sale Financial Assets Reserve

Changes in the fair value of available for sale financial assets are taken to this Reserve.

Capital Profits/(Losses) Reserve

The Capital Profits/(Losses) Reserve includes capital profits and losses from sale of investments and other items of a capital nature.

NOTE 19. SEGMENT INFORMATION

	Total Assets 2012	Exploration 2012	Investments 2012	Total Assets 2011	Exploration 2011	Investments 2011
	\$	\$	\$	\$	\$	\$
Australia	2,612,639	26,000	2,586,639	10,116,229	97,528	10,018,701
Fiji	4,101,026	-	4,101,026	6,939,442	-	6,939,442
Iran	20,000	-	20,000	201,000	-	201,000
Philippines	500,000	500,000	-	1,311,198	1,311,198	-
Tanzania	50,000	50,000	-	135,855	135,855	-
	-----	-----	-----	-----	-----	-----
	<u>7,283,665</u>	<u>576,000</u>	<u>6,707,665</u>	<u>18,703,724</u>	<u>1,544,581</u>	<u>17,159,143</u>

	2012	2011
	\$	\$
Australia	Total Liabilities	Total Liabilities
	<u>3,368,781</u>	<u>2,796,341</u>

Segment Revenues

Australia	855	23,322
Fiji	337,741	337,741
	-----	-----
	<u>338,596</u>	<u>361,063</u>

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE SEGMENT INFORMATION (cont'd)

19.

Segment Results - Profit/(Loss)		2012	2011
		\$	\$
Australia (Investments)	Loss	(1,098,354)	(1,831,331)
	Provision for Impairment	(180,851)	-
		<u>(1,279,205)</u>	<u>(1,831,331)</u>
Fiji (Invesments)	Profit	337,741	337,741
	Provision for Impairment	(3,176,157)	-
		<u>(2,838,416)</u>	<u>337,741</u>
Iran (Invesments)	Provision for Impairment	(184,000)	-
Philippines (Exploration)	Provision for Impairment	(811,198)	-
Tanzania (Exploration)	Provision for Impairment	(85,855)	-
		<u>(1,081,053)</u>	<u>-</u>
Total Loss		<u>(5,198,674)</u>	<u>(1,493,590)</u>

NOTE DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL AND RELATED PARTIES

20.

B Ganke, E Goh , E Ganke (appointed 21 February 2012)and R Adamson (retired 21 February 2012), each held office as a Director of the parent entity in the consolidated entity at any time during the financial year ended 31 December 2012. Since the end of the financial year E Goh and E Ganke have resigned on 26 February 2013.

20.1 Directors' remuneration

Name	Position	Remuneration	2012	2011
			\$	\$
B Ganke	Chairman	Director's fees	-	-
" "	Managing Director	Salary	120,000	120,000
E Ganke	Director	Director's fees	17,000	-
E Goh	Director	Director's fees	20,000	20,000
E Goh		Accounting & Secretarial	42,000	-
R Adamson	Director (non-executive)	Director's fees	3,000	20,000
" "		Consultants fees	-	<u>17,950</u>
Total remuneration			<u>202,000</u>	<u>179,950</u>

No Director received or was entitled to receive any shares or options as part of remuneration during the year. K. Skelton provided office administration services for an annual fee of \$33,000.

20.2 Director's equity holdings (including relevant interests)

	Balance	Change	Balance
Shares	1 January 2012		31 December 2012
B Ganke	28,250,372	2,780,000	31,030,372
E Ganke		485,000	485,000
E Goh	<u>1,327,000</u>	-	<u>1,327,000</u>
	<u>29,577,372</u>	<u>3,265,000</u>	<u>32,842,372</u>

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE Directors and related party transactions and balances

20.3	2012	2011
	\$	\$
Aggregate Receivables at balance date		
Receivables:		
Directors (Staff Incentive Scheme)	-	137,500
Director related entities	-	50,000
Mortgage Investment (refer Note 11)	4,030,000	6,530,675
	-----	-----
	4,030,000	6,718,175
	=====	=====
Current Liabilities		
Other Payables - Directors	298,260	203,704
-Director related party	9,750	-
	-----	-----
	308,010	203,704
	-----	-----
20.4 Total amounts recognised as revenue and expense resulting from transactions with related parties were are follows:		
Revenue		
Interest	338,589	338,575
	-----	-----
Expense		
Consultant services	75,000	17,950
Interest	168,401	135,676
Management fees	-	80,000
	-----	-----
Total	243,401	233,626
	=====	=====

NOTE CASH FLOW RECONCILIATION

21. Reconciliation of Net Cash Flows provided by/(used in) operating activities with Loss after Income Tax:

(Loss)	(5,198,674)	(1,493,590)
Non cash items:		
Deconsolidation of controlled entity	-	86,197
Impairment losses	-	410,715
Bad debt w/off	84,810	-
Loss on investments	92,033	334,725
Loss on loan transactions	-	306,748
Exploration w/off	71,528	-
Provision for impairment - exploration assets	897,053	-
Provision for impairment - mortgage investment	3,176,157	-
Provision for impairment - unlisted shares	364,851	-
Other non cash items	-	(2,097)
Changes in Assets & Liabilities:		
Change in trade and other receivables	(158,935)	(213,154)
Change in trade and other payables	354,806	(21,449)
Change in financial liabilities	191,120	312,020
	-----	-----
Net cash used in operating activities	(125,251)	(279,885)
	=====	=====
Non cash financing and investing activities		
Issues of shares for acquisition of exploration interests	-	799,000
Issues of shares for investments	-	100,000
Issues of shares for loan settlements	-	1,875,000

Reconciliation of Cash - for the purposes of the statement of cash flows, cash comprises cash in banks \$6,022 (2011 \$9,482)

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE AUDITOR'S REMUNERATION

22.

Audit and review of financial reports (no other services)	8,000	5,000
	<u>8,000</u>	<u>5,000</u>

NOTE SUMMARY OF PARENT ENTITY

23. **FINANCIAL INFORMATION**

Current Assets	2,359,358	9,302,047
Non Current Assets	3,941,420	7,028,729
	-----	-----
Total Assets	6,300,778	16,330,776
	-----	-----
Current Liabilities	1,243,390	1,380,809
Non Current Liabilities	2,113,537	1,403,485
	-----	-----
Total Liabilities	3,356,927	2,784,294
	-----	-----
Net Assets	2,943,851	13,546,482
	<u>2,943,851</u>	<u>13,546,482</u>
Share Capital	19,286,903	19,190,653
Reserves	(2,658,619)	4,312,748
Accumulated losses	(13,684,433)	(9,956,919)
	-----	-----
Total Equity	2,943,851	13,546,482
	<u>2,943,851</u>	<u>13,546,482</u>
(Loss) for the year	<u>(3,680,956)</u>	<u>(1,524,472)</u>

NOTE PARTICULARS RELATING TO CONTROLLED ENTITIES

24. **Controlled Entities**

	Place of Incorporation	Class of Shares	Parent Entity's Investment	
			2012	2011
			%	%
Northern Star Investments Pty Ltd	NSW	Ordinary	100	100
Northern Star Investments (Qld) Pty Ltd	QLD	Ordinary	100	100

NOTE NET FAIR VALUE OF FINANCIAL INSTRUMENTS

25. The net fair values of financial assets and liabilities recorded are determined on the following basis:

Financial instruments

Listed Investments included in Available for Sale Financial Assets are valued at their quoted market price. Unlisted Investments are at cost, which approximates their fair values. The fair values of unlisted investments are based on the estimated values of the investments and in view of their strategic holdings.

The carrying values of all other financial assets and liabilities are stated at their approximate fair value.

Risk Management

The consolidated entity's exposures to risk at reporting date in relation to each class of recognised financial assets and liabilities is the carrying amounts shown in the balance sheet and any variation that may occur as a result of market fluctuations, interest rate rises or falls and similar factors.

NOTE CONTINGENT LIABILITY

26.

The Company has a contingent liability in respect of a loan transaction which involved the issue of shares at above market price at the time. If the party E Shteisel is unable to sell the shares by February 2014 for at least \$360,000, Southern Cross will be liable to cover any shortfall that may occur.

SOUTHERN CROSS EXPLORATION N L (NOTES)

NOTE INCOME TAX

27.

The prima facie income tax (expense)/benefit on the pre-tax accounting loss reconciles to the income tax expense in the accounts as follows:

	2012	2011
	\$	\$
Loss from ordinary activities	(5,198,674)	(1,493,590)
	<u> </u>	<u> </u>
Prima facie income tax expense/(benefit) calculated at 30% (2011 30%) on the Loss from ordinary activities	(1,559,602)	(448,077)
Tax effect of adjustments:		
Amounts non deductible	1,356,861	-
Future tax benefits not brought to account	202,741	448,077
	-----	-----
Income Tax expense relating to ordinary activities	-	-
	<u> </u>	<u> </u>

NOTE EXPENDITURE COMMITMENTS

28. Expenditure commitments in respect of exploration and investment in certain joint venture projects are conditional to some extent on the provisions where the Company can choose not to participate. Expenditure commitments are not expected to exceed \$400,000 over the next twelve months.

The company has entered into Put Option Agreements amounting to about \$400,000 in respect of several parcels of listed shares. These transactions are not expected to have any material effect on the financial position of the company.

NOTE EVENTS SUBSEQUENT TO REPORTING DATE

29. Since the end of the financial year, no matters or circumstances have arisen which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, except as stated elsewhere in this Report.

**SOUTHERN CROSS EXPLORATION N L
AND CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2012

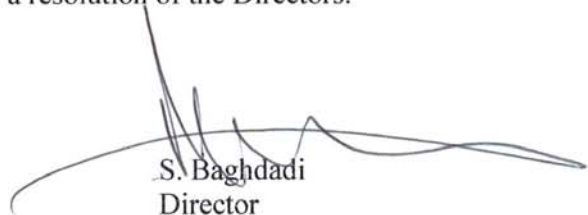
1. In the Directors' opinion:
 - (a) the financial statements and notes set out on pages 5 to 19 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance;
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The Notes to the financial statements include a statement of compliance with International Reporting Standards.

The Directors have been given the declarations by the Equivalent Chief Executive Officer and the Equivalent Chief Financial Officer required by Section 295A of the Corporations Act, 2001.

This declaration is made in accordance with a resolution of the Directors.



B. Ganke
Director



S. Baghdadi
Director

Sydney
28 March 2013

Independent auditor's report to the members of the Southern Cross Exploration N L:**Report on the financial report**

We have audited the accompanying financial report of Southern Cross Exploration N L, which comprises the 'Consolidated Balance Sheet as at 31 December 2012', 'Consolidated Statement of Comprehensive Income for the year ended 31 December 2012', 'Consolidated Statement of Changes in Equity for the year ended 31 December 2012', 'Consolidated Statement of Cash Flows for the year ended 31 December 2012' and 'Notes to and forming part of the Consolidated Financial Statements for the year ended 31 December 2012'.

Directors' responsibility for the financial report

The directors of Southern Cross Exploration N L are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Independent auditor's report to the member's of Southern Cross Exploration N L (continued)*Auditor's opinion*

In our opinion:

- (a) the financial report of Southern Cross Exploration N L is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Southern Cross Exploration N L and the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.2.

Report on the Remuneration Report

We have audited the Remuneration Report for the year ended 31 December 2012. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In my opinion the Remuneration Report of Southern Cross Exploration N L for the year ended 31 December 2012, complies with section 300A of the Corporations Act 2001.

CDTL Corporate Accountants

Carl F. Dumbrell
Partner

Sydney, NSW Australia

28 March 2013

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